

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on Universal)	CC Docket No. 96-45
Service)	
)	

COMMENTS OF WESTERN WIRELESS CORPORATION

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COMMENTS OF WESTERN WIRELESS CORPORATION

Western Wireless Corporation (“Western Wireless”) submits its Comments on the Commission’s *Referral Order*¹ and the Joint Board’s *Public Notice*,² which, together, initiated a comprehensive re-examination of the system for supporting universal service in high-cost areas.

Over the last couple of years, Western Wireless has emerged as the preeminent competitive universal service provider in the United States, which would not have been possible, but for the Telecommunications Act of 1996 (“Act”), pro-competitive rules and orders of the Federal Communications Commission (“FCC”), and an interest in bringing the benefits of competition to rural America by state commissions in Colorado, Iowa, Kansas, Minnesota, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma,

1. *Federal-State Joint Board on Universal Service*, Order, CC Docket No. 96-45, 17 FCC Rcd 22642 (2002) (“*Referral Order*”)

2. *Federal-State Joint Board on Universal Service Seeks Comment on Certain of the Commission’s Rules Relating to High-Cost Universal Service Support and the ETC Designation Process*, CC Docket No. 96-45, FCC 03J-1 (Jt. Bd., rel. Feb. 7, 2003) (“*Joint Board Public Notice*”).

South Dakota, and Texas, and by the FCC for Wyoming and the Pine Ridge Indian reservation.³

I. INTRODUCTION AND OVERVIEW

The emergence of facilities-based, intermodal competition in rural areas clearly will benefit consumers. But this development also challenges the foundations of the current federal high-cost universal service rules, which were designed in a context when such competition did not yet exist. This proceeding provides an opportunity to rethink basic elements of the current system.

A. WHAT THIS PROCEEDING IS ABOUT: THE COMPETITIVE TRANSFORMATION OF TELECOMMUNICATIONS REQUIRES CHANGES TO THE BASIC PARADIGMS ON WHICH THE CURRENT UNIVERSAL SYSTEM IS BASED.

Technological and market changes – driven by *consumer choices* – are rendering many aspects of the current regulatory paradigm obsolete and unsustainable. The current rules are premised on the notion that a product defined as “local telephone service,” provided to connect specific locations (homes and businesses) to public networks, needs funding support in high-cost areas to ensure universal availability at reasonable rates. However, wireless telecommunications is becoming essential to growing numbers of Americans, many of whom are increasingly using wireless as a substitute for wireline service. This fundamental change, which is occurring in rural

3. The state commissions identified are those commissions that concluded the public interest is served by designating Western Wireless as an additional Eligible Telecommunications Carrier (“ETC”) in areas served by rural telephone companies; the FCC likewise concluded that the designation of Western Wireless as an additional ETC in rural telephone company areas in Wyoming and on the Pine Ridge Indian reservation is in the public interest. In addition, the state commissions in California and Utah have designated Western Wireless as an ETC for non-rural telephone company areas in those states.

areas as well as urban areas, in turn must lead to shifts in the regulatory paradigm that recognize the importance of connecting individuals at all times and across geography, via diverse service providers and service packages that are not necessarily limited to the basic core of universal service requirements.⁴

What has not changed is the fact that providing either wireline or wireless telecommunications service in rural areas is significantly more costly than in urban centers, which means that some form of universal service support continues to be necessary in high-cost areas. However, the emergence of competition is also undermining the basic concepts underlying the current funding structure, which provides rural incumbent local exchange carriers (“ILECs”) a government guarantee of full recovery of their embedded investments plus a specified return on those investments. In a multi-carrier environment, rate of return regulation, which guarantees profits to the incumbent but not to competitive entrants, is a major impediment to competition and creates pernicious incentives for inefficient production. The dynamics of competition in a free marketplace fundamentally require the end of protections against failure for selected enterprises.

Accordingly, the competitive transformation of telecommunications requires fundamental re-thinking of the universal service funding structure. For example, the time has come to begin the process of evaluating a forward-looking cost based system

4. See Attachment B (“A Paradigm Shift in Concepts of Universal Service”) and Attachment C (“Wireless Service: An Essential Service for Rural Consumers”).

to govern funding levels in rural ILEC areas.⁵ Universal service auctions, designed to enable multiple bidders to win and compete post-auction, present another potentially promising avenue of inquiry, although the concept also presents certain difficulties that would have to be overcome.⁶

To be sure, we recognize that the industry remains in year two of a five-year plan for supporting universal service in rural ILEC areas. The Commission found that the five-year duration of Rural Task Force (“RTF”) plan, in which full portability of all explicit funding plays a critical role, was important to establish a stable and predictable environment for rural service providers.⁷ Nonetheless, Western Wireless believes that the issues raised to date in this proceeding are inextricably linked with the broader issues involved with the forthcoming “comprehensive review of the high-cost support mechanisms for rural and non-rural carriers as a whole to ensure that both mechanisms function efficiently and in a coordinated fashion,” a process that the Commission has stated it intends to complete by 2006.⁸

5. See Attachment G (“Proposal for a Competitive and Efficient Universal Service High Cost Funding Model/Platform,”); Attachment H (“Economic Efficiency and the Support Mechanism for Telecommunications Universal Service in Rural Markets,”).

6. See Attachment I (“Policy Analysis of Changes to the Universal Service Support System in a Competitive Environment,”)

7. *Federal-State Joint Board on Universal Service*, Fourteenth Report and Order, 16 FCC Rcd 11244, 11309, ¶ 167 (2001) (“RTF Order”); see also Letter from William R. Gillis, Chair, Rural Task Force, to Commissioner Susan Ness, et al., CC Docket No. 96-45 (filed Dec. 12, 2000), Attachment at 1 (“In no event should a new support mechanism be implemented prior to the end of the five-year stability period recommended by the RTF. With less than a five-year period, investment in rural areas would be stifled, both by ILECs who would be unsure of their investment recovery, and by competitors, who need a stable system to make prudent business decisions relative to entering rural markets.”).

8. *RTF Order*, 16 FCC Rcd at 11310, ¶ 169; see also *id.* ¶ 170.

B. WHAT THIS PROCEEDING IS NOT ABOUT: TURNING BACK THE CLOCK ON COMPETITION AND RESTORING THE ILECs' MONOPOLY POWER OVER RURAL TELEPHONY

Some in the ILEC industry appear to have a fundamental misconception of what the Commission and the Joint Board have set out to achieve in this proceeding. This proceeding must not and *cannot* be used as a mechanism to turn back the clock to a time when the ILECs possessed undisputed monopoly power over telecommunications services in rural America. First and foremost, such a result would fundamentally violate the Joint Board's and the Commission's obligations to devise policies in the interest of the consumers they represent. Moreover, the Act does not permit such a shift. Tellingly, neither the Commission's *Referral Order* nor the *Joint Board Public Notice* indicate any interest in rethinking the basic commitment to the principle of "competitive neutrality," which means that "universal service support mechanisms and rules [must] neither unfairly advantage nor disadvantage one provider over another, and [must] neither unfairly favor nor disfavor one technology over another."⁹

Thus, the relevant question about universal service funding portability in this proceeding is not "whether," but "how." The Commission and the Joint Board recognize that this proceeding requires re-examination not only of the funding rules for competitive eligible telecommunications carriers ("CETCs"), but rather those for *all* ETCs operating in competitive geographic areas – including incumbent local exchange

9. *Federal-State Joint Board on Universal Service*, First Report and Order, 12 FCC Rcd 8776, 8801, ¶ 47 (1997), subsequent history omitted ("*Universal Service First Report and Order*").

carriers (“ILECs”) as well.¹⁰ Moreover, portability is mandated by the Act, as consistently interpreted by reviewing courts and the Commission since 1996. The Fifth Circuit held in *Alenco Communications, Inc. v. FCC*¹¹ that “portability is not only consistent with [the statutory requirement of] predictability, but also is *dictated* by the principles of competitive neutrality and the statutory command [of section 254(e)].”¹² The Commission itself has stated that “it is difficult to see how [a non-portable funding mechanism] could be considered competitively neutral” because “a mechanism that offers non-portable support may give ILECs a substantial unfair price advantage in competing for customers.”¹³ Furthermore, the Commission has specifically considered and rejected arguments that portable support based on ILEC costs gives an unfair advantage to competitors.¹⁴ Against the background of *Alenco* and the Commission’s own precedents, it is clear, as a matter of law, that portability (*i.e.*, each ETC serving a given area receives the same dollar amount of support per customer served) cannot be abandoned now.

10. *Referral Order*, 17 FCC Rcd at 22642, 22645-46, ¶¶ 1, 7-8; *Joint Board Public Notice*, ¶¶ 15, 19.

11. 201 F.3d 608 (5th Cir. 2000).

12. *Id.* at 622 (emphasis added).

13. *Western Wireless Corp. Petition for Preemption of Statutes and Rules Regarding the Kansas State Universal Service Fund Pursuant to Section 253 of the Communications Act of 1934*, File No. CWD 98-90, Memorandum Opinion and Order, 15 FCC Rcd 16227, 16232, ¶ 10 (2000) (“*Kansas USF Declaratory Ruling*”).

14. *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, First Report and Order, 12 FCC Rcd 8776, 8933, ¶ 289 (1997) (“While the CLEC may have costs different from the ILEC, the CLEC must also comply with Section 254(e) If the CLEC can serve the customer’s line at a much lower cost than the incumbent, this may indicate a less than efficient ILEC.” (citations omitted)).

C. STRUCTURE AND OVERVIEW OF THESE COMMENTS

In these Comments, Western Wireless provides a critical analysis of the impact of competition on the goal of preserving and advancing universal service, and proposes herein certain universal service reforms to allow all rural consumers to realize the benefits of a competitive telecommunications environment. The bulk of our analysis is included in separate analytical papers, which are included as attachments to these Comments. Specifically:

- Western Wireless explains that since the Act became law in 1996, the FCC has undertaken significant initiatives to implement the mandates of the Act, resulting in, for the first time, the establishment of a competitive universal service market.¹⁵
- We are witnessing a new paradigm shift in universal service from service to a physical location (wireline service) to connecting individuals at all times and across geography (both wireless and wireline service in competition with one another).¹⁶
- Industry data confirms that mobile service is no longer just a discretionary service, but an essential service that a substantial number of consumers rely upon for their basic communications needs.¹⁷
- Contrary to the unfounded allegations of the entrenched ILECs and their associations, the evidence clearly shows that the growth of the federal universal service fund ("USF") is not attributable to competitive ETCs ("CETCs").¹⁸
- Contrary to the ILEC claims that state commissions have usurped their responsibilities under the Act, the facts clearly demonstrate that CETCs have

15. See Attachment A, *"The Legal and Historical Background of the Federal Universal Service System."*

16. See Attachment B, *"A Paradigm Shift in Concepts of Universal Service."*

17. See Attachment C, *"Wireless Service: An Essential Service for Rural Consumers."*

18. See Attachment D, *"The Myths and Realities of the Impact of CETCs on the High Cost Federal Universal Service Fund."*

undergone exhaustive and lengthy ETC proceedings, which have established the benefits to be realized by competition in the universal service market.¹⁹

- At issue is not only policy reform, but real people and whether they will be able to have access to the communications service they rely on, such as:
 1. the residents of the Oglala Sioux Tribe on the Pine Ridge Indian reservation, where telephone penetration rates have gone from approximately 25% to 75% with Western Wireless' entry into the universal service market;²⁰ and
 2. consumers in rural Texas and Nevada, who have realized economic development and access to telecommunications services previously not available;²¹
- The current funding mechanism for rural telephone company areas is incompatible with an efficient, competitively-neutral system as envisioned by the Act.²²
- A funding system based on an economically-efficient, forward-looking cost model would provide the proper incentives for carriers operating in a competitive universal service market.²³
- Policy alternatives related to the structure of universal service support, such as auctions, should be further evaluated, but other alternatives, such as a primary line restriction on funding, should be rejected.²⁴

To address these and other complex issues related to the funding of universal service in rural areas, Western Wireless recommends that the Joint Board initiate a consensus-building decision-making process through the establishment of a

19. See Attachment E, *"The Public Interest Is Served By The Designation of Competitive Eligible Telecommunications Carriers."*

20. See Attachment F, *Universal Service Market Profiles.*

21. See Attachment G, *"The Economic and Development Impacts of Western Wireless Operations in Texas and the Value of Wireless Services as Providers of Universal Service and Lifeline Telecommunications Services."*

22. See Attachment H, *"Economic Efficiency and the Support Mechanism for Telecommunications Universal Service in Rural Markets."*

23. See Attachment I, *"Proposal for an Competitive and Efficient Universal Service High Cost Funding Model/Platform."*

24. See Attachment J, *"Policy Analysis of Changes To The Universal Service Support System In A Competitive Environment."*

“Competitive Universal Service Task Force” analogous to the Rural Task Force that the Commission and the Joint Board convened successfully a few years ago. Such a decision-making process would help decision-makers with a careful analysis of the options and provide for consensus-building among parties with divergent interests.

II. BACKGROUND AND HISTORY OF UNIVERSAL SERVICE

The Act introduced dramatic changes to the existing universal service system. In the Act, Congress codified the concept of universal service for the first time, directing the Commission to preserve and advance universal service while also promoting competition for local telephone service. The FCC and the courts have issued a number of key decisions establishing a more competitively neutral universal service funding system and reaffirming that universal service and local competition are not mutually exclusive policy objectives. Attachment A to these Comments is a paper, *“The Legal and Historical Background of the Federal Universal Service System”*, that examines the legal and regulatory decisions that form the basis for the current competitive universal service system. As further explained in this paper, it is clear that the Act requires the establishment of a competitive universal service system, the FCC rules provide for such a system, and the courts have largely affirmed these rules. It is also clear that the bulk of the growth in the federal high-cost universal service fund during the past 3-4 years is due to FCC policy changes, and overwhelmingly flows to the benefit of ILECs, not competitive entrants.

III. A NEW VISION OF UNIVERSAL SERVICE

The telecommunications industry and the expectations of consumers have changed dramatically with the advent of new technologies and the implementation of the pro-competitive provisions of the Act by the FCC and state commissions. As the telecommunications industry and its technologies continue to change, so too must the regulatory infrastructure supporting those industries.

A. A PARADIGM SHIFT IN THE CONCEPT OF UNIVERSAL SERVICE

Consumers demand connectivity to the public telephone network across space, not merely at a particular building, residence, or location. In Attachment B, “*A Paradigm Shift in Concepts of Universal Service*,” it is explained that consumers increasingly expect access to communication services at all times and that such expectations should cause policymakers to rethink our notions of universal telephone service.

Historically, the nature and history of wireline telephone service led to concepts of subscribership and universal service based on connecting locations (homes and businesses). Universal service was originally established as a wireline concept with competitive carriers excluded from the market. This contributed to a bias against wireless providers and a distortion in the technology choices by providers, even though wireless technology has characteristics that are likely to make it the lower cost technology in some rural areas. Wireless phones represent the ultimate in an individual’s access to the public network over time and space – a wireless phone

provides a person with constant connectivity to the public network across time and most space.

State commissions and the FCC have increasingly recognized the importance of wireless service in furthering the goal of preserving and advancing universal service by designating wireless carriers as ETCs. These efforts must continue to allow all consumers to benefit from a competitive universal service market.

B. WIRELESS SERVICE IS NOW AN “ESSENTIAL SERVICE” FOR MOST CONSUMERS

Wireless service is no longer a discretionary service of the few, but instead is an essential service for substantial numbers of consumers. In Attachment C, *“Wireless Service: An Essential Service for Rural Consumers”*, the importance of wireless service in our everyday lives is documented. Numerous studies have shown that wireless service is becoming the primary means of communications for many consumers, replacing, to a large degree, consumer reliance on wireline communications. Wireless service is now;²⁵

- essential to education, public health, and public safety;
- subscribed to by a substantial number of residential consumers;
- widely deployed by common carriers throughout rural areas; and
- serving the public interest, convenience, and necessity.

As such, access to wireless service is vital for consumer welfare and rural economic development, and by funding wireless service in rural America, universal service will be preserved and advanced.²⁶

25. See 47 U.S.C. § 254(c)(1).

26. See 47 U.S.C. § 254(b).

IV. THE EXPERIENCE OF COMPETITIVE ELIGIBLE TELECOMMUNICATIONS CARRIERS

An examination of the rules applicable to competitive universal service markets would not be complete without understanding the current status of universal service competitors and their experiences under the current rules.

A. ANALYSIS OF USF DISTRIBUTIONS AND CONTRIBUTIONS

There have been attempts to create a misperception that the USF is growing unsustainable due to the increasing number of wireless carriers that have become CETCs. In reality, as explained in Attachment D, *"The Myths and Realities of the Impact of CETCs on the High Cost Federal Universal Service Fund,"* data available from USAC and from the FCC conclusively shows that the fund growth is largely attributable to increases in ILEC funding, not CETC funding. The data also shows that wireless CETCs contribute significantly more into the USF than they receive from the fund, and that the ILECs receive significantly more from the fund than they contribute into the fund.

B. THE EXPERIENCE OF COMPETITORS AS ETCs

Western Wireless is a CETC in 14 states and on the Pine Ridge Indian reservation. The Company has built its business upon a commitment to serve the communications needs of rural consumers and has a long track record of doing so. State commissions have enthusiastically endorsed Western Wireless' entry into universal service market, recognizing that consumers will benefit from a competitive universal service market. In Attachment E, *"The Public Interest Is Served By The Designation of Competitive Eligible Telecommunications Carriers,"* the procedural and

substantive process followed by the state commissions in designating Western Wireless as an ETC is explored. Based upon its experiences, Western Wireless makes the following observations:

- There should be no further expansion of the basic ETC criteria for purposes of federal universal service support.
- Case law has established the relevant public interest analysis to be applied under Section 214(e); state commissions have, for the most part, properly applied the public interest analysis; and there is no need, at this time, to establish federal rules determining the scope of the public interest evaluation by state commissions.
- To ensure that universal service policy avoids interfering with competitive entry, state commissions should strive to review ETC petitions as expeditiously as possible, ideally within six months of filing.
- State-imposed criteria for federal ETC designation should not conflict with federal law.
- Western Wireless applauds the efforts of certain states that have made intrastate policy changes to fund universal service in a competitively-neutral manner.

C. CONSUMER BENEFITS RESULTING FROM COMPETITION

Western Wireless' entry into the universal service market has had a real and identifiable impact on the lives of rural consumers, such as the residents of the Oglala Sioux Tribe on the Pine Ridge Indian reservation, where telephone penetration rates have gone from approximately 25% to 75% with Western Wireless' entry into the market. Attachment F contains profiles of several of Western Wireless' universal service markets and identifies the benefits realized by consumers from Western Wireless' entry into the market.

D. ECONOMIC DEVELOPMENT BENEFITS RESULTING FROM COMPETITION

The benefits of Western Wireless' entry into the universal service market go beyond the public interest benefits of competition and include rural economic development. In Attachment G, "*The Economic and Development Impacts of Western Wireless Operations in Texas and the Value of Wireless Services as Providers of Universal Service and Lifeline Telecommunications Services*", the impact of Western Wireless' entry into the universal market in rural Texas communities is explored. It is concluded that wireless technology offers the best hope for developing an advanced telecommunications infrastructure in rural Texas while keeping costs at a competitive level and that the key to accelerating this development is to qualify companies such as Western Wireless as providers of universal and lifeline telecommunications services.

V. THE CURRENT UNIVERSAL SERVICE SYSTEM

Opening up the universal service market to competition has allowed new entrants to supply new and complementary services to consumers. As explained in Attachment H, "*Economic Efficiency and the Support Mechanism for Telecommunications Universal Service in Rural Markets*," the added services and increased efficiency of a competitive universal service market make competition more than a zero sum game between the new entrant and the LEC. Wireless networks in particular increase economic development with facilities based competition as well as consumer choice.

Notwithstanding some of the gains realized by CETCs entering the universal service market, the current system may require reform. In particular, inefficient rate-

of-return regulation of ILECs and ILEC-centric universal service rules, such as study area and wire center service areas, do not maximize the incentives of the ILECs to operate efficiently and do not facilitate competitive carrier entry into the universal service market.

VI. TRANSITION TO A MORE EFFICIENT UNIVERSAL SERVICE SYSTEM

Western Wireless proposes that the following universal service reform initiatives be undertaken to enable all rural consumers to realize the benefits of a competitive universal service market.

A. ESTABLISHMENT OF A “COMPETITIVE UNIVERSAL SERVICE TASK FORCE”

The Joint Board and the Commission face the daunting tasks of gathering voluminous information relevant to the operational characteristics of all of the high cost universal service funds and analyzing and evaluating reform proposals. To assist in this regard, the Joint Board and the Commission should convene a “Competitive Universal Service Task Force,” modeled on the Rural Task Force (“RTF”) that met during 1998-2000 and developed the universal service policy framework for universal service support in “rural telephone company” study areas, which the Commission adopted in 2001. Such a Competitive Universal Service Task Force, like the RTF, should include representatives of a broad range of interested parties with competing interests, including ILECs, wireless and wireline CETCs, carriers that contribute into the fund, consumer advocates, and state and federal government agencies.²⁷ Unlike the RTF,

²⁷. See *Rural Task Force Order*, 16 FCC Rcd at 11253 ¶ 16.

however, the Competitive Universal Service Task Force should include an equal number of representatives of the ILEC and CETC industry sectors, respectively. Like the RTF, this new Task Force would analyze the critical and difficult issues of establishing a competitive universal service support mechanism in rural telephone company areas. The Task Force would also analyze the broader competitive universal service issues at issue in the comprehensive review of the high-cost support mechanisms for rural and non-rural carriers as a whole, which is to be completed by 2006.²⁸

The FCC's adoption of the RTF plan almost in its entirety, including the recommended five-year duration, recognized the substantial thought and negotiation that went into developing the plan. The FCC was rightfully hesitant to tinker with individual elements of the plan for the very reason that the plan as a whole represented an extraordinary level of cooperation. In developing its Recommendation, the RTF achieved a consensus among the diverse interests its members represented.²⁹ If such a consensus could be achieved on the issues raised here — or even on a subset of the issues — it would be a major contribution to the process.

28. *See supra* note 8.

29. In the RTF's deliberations, parties conceded on points with which they disagreed in order to put forth a consensus recommendation. For example:

- Rural ILECs succeeded in retaining support based on their embedded costs, obtaining a major one-time increase in the amount of support, and obtaining freedom to geographically disaggregate their support.
- Companies that are net contributors into the fund succeeded in retaining the ongoing cap in the overall growth of the fund going forward.
- Competitive ETCs succeeded in retaining per-line funding portability as a central component of the rules governing funding for carriers serving rural areas.

B. CONSIDERATION OF A FORWARD-LOOKING COST MODEL METHODOLOGY

With the establishment of a competitive universal service market, new reform initiatives should be considered, such as the adoption of a forward-looking cost methodology for purposes of determining support for all carriers. In an effort to further the debate on this issue, Western Wireless reviews forward-looking cost methodologies and proposes a set of criteria to be used in determining the appropriate inputs in Attachment I, *“Proposal for an Competitive and Efficient Universal Service High Cost Funding Model/Platform.”*

A forward-looking cost methodology for determining the level of universal service support, as suggested herein, would provide for determining costs consistent with an efficient and competitive universal service market. Funding would be calculated based upon the most efficient means of providing service. This approach would result in funding that is competitively neutral and would encourage innovation and efficiency.

C. OTHER POTENTIAL UNIVERSAL SERVICE IMPROVEMENTS

Finally, a number of other policy reforms have been proposed and these proposals are examined in Attachment J, *“Policy Analysis of Changes To The Universal Service Support System In A Competitive Environment.”* As explained in this paper, reform initiatives should be evaluated based upon the following five evaluation criteria: (1) legality; (2) administrative feasibility; (3) advance and preserve universal service; (4) economic efficiency and benefits to consumers; and (5) competitive neutrality.

Based on these evaluation criteria, Western Wireless offers the following observations:

- Restricting support to a single “primary” line per end user would raise legal and public policy concerns. It would also be extraordinarily difficult to implement such a restriction in a manner that is competitively neutral.
- The following alternative universal service reform measures should be considered: (i) imposing a cap on the growth of the total amount of funding available to all ETCs in each competitive study area, and allocating funding among ETCs in the area based on their respective market shares; and (ii) allocating portable vouchers or “phone stamps” to consumers.
- Negative auctions – in which carriers offer bids based on the lowest support amount needed to support universal service – should be further evaluated as a means for determining the level of support in a designated service area.
- Universal service auctions can be designed such that multiple bidders can win and receive funding for offering diverse services at divergent prices, each of which includes the basic functionalities included in the definition of universal service.
- Auctions designed so that only a single carrier wins and receives support would be inconsistent with competitive neutrality and economically inefficient.

VII. CONCLUSION

In sum, the advent of wireless/wireline competition in rural America provides tremendous consumer benefits, but also poses fundamental challenges to the existing universal service support system. To be sure, certain aspects of the current system – most notably, the principle of competitive neutrality and the requirement of funding portability – are critical and as a matter of law cannot be abandoned; and other aspects are slated to remain in place for the full five years of the Rural Task Force plan.

Nonetheless, major changes are inevitable and necessary in the medium-term future.

Western Wireless looks forward to working productively with the Commission, the

Joint Board, and other interested in parties, potentially as part of a “Competitive Universal Service Task Force,” to fashion a new universal service structure that will be more fully consistent with the new competitive era.

Respectfully submitted,

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